

Company Registration No. 07692130 (England and Wales)

**UNITY SCHOOLS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

# UNITY SCHOOLS TRUST

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# UNITY SCHOOLS TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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<b>Members</b>	I Henderson C Howorth (resigned 6 March 2018) L Ellis-Philip (resigned 27 March 2018) G Pincus (appointed 18 April 2018) J Richmond (Appointed 1 September 2017) P J White (resigned 31 October 2018)	
<b>Directors</b>	C Howorth (Chair from 1 November 2018) T N D Smith (Accounting Officer) J Febry P Green R Kent J McMichael (Appointed 18 April 2018) S Pillai J Slater (Appointed 1 May 2018 and resigned 18 August 2018) D Wales P J White (Chair (until 31 October 2018)) (Resigned 31 October 2018)	
<b>Senior leadership team</b>	T N D Smith E A Simmons Dr K Janzan J Rodgers	- Chief Executive Officer - Chief Financial Officer - TCMS Head of School - BDB Head of School
<b>Company secretary</b>	E A Simmons	
<b>Company registration number</b>	07692130 (England and Wales)	
<b>Principal and registered office</b>	The Magna Carta School Thorpe Road Staines Surrey TW18 3HJ	
<b>Academies operated</b>	<b>Location</b>	<b>Head of School</b>
The Magna Carta School	Surrey	Dr K Janzan
Bishop David Brown	Surrey	J Rodgers
Unity Schools Trust	Surrey	T Smith
<b>Independent auditor</b>	Wilkins Kennedy Audit Services Gladstone House 77-79 High Street Egham Surrey TW20 9HY	

# UNITY SCHOOLS TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Bankers

Lloyds TSB  
147 High Street  
Guildford  
Surrey  
GU1 3AG

### Solicitors

Stone King LLP  
13 Queen Street  
Bath  
Avon  
BA1 2HJ

# UNITY SCHOOLS TRUST

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2018

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The directors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates two academies for students aged 11 to 16 serving areas in Staines-upon-Thames and Woking. It has a pupil capacity of 2,055 and had a roll of 1,788 in the school census in October 2017.

#### **Structure, governance and management**

##### Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration no. 7692130) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy. Since conversion to a MAT on 1 November 2015, the Trust is governed by a Board of Directors and details of those who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

The charitable company was incorporated on 4 July 2011 and received academy trust status on 1 August 2011.

The Academy Trust entered into a funding agreement with the Department for Education, which provides the framework within which the academy must operate.

The principle object of the Trust is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad curriculum.

The directors are the trustees of Unity Schools Trust and are also the directors of the charitable company for the purposes of company law. Details of the directors who served during the year, and to the date these financial statements are approved, are included in the Reference and Administrative Details on page 1.

##### Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

##### Directors' indemnities

The academy has taken out a combined insurance policy that includes buildings and contents insurance, employer's liability insurance and professional indemnity insurance cover for the academy (including governors, trustees and teaching and administrative staff) for liability arising from negligent acts, errors and omissions committed in good faith, notified during the insurance period. Cover is provided up to an aggregate limit of £10m in the insurance year.

##### Method of recruitment and appointment or election of directors

The management of the academy trust is the responsibility of the directors who are appointed under the terms of the Articles of Association.

When appointing new directors, consideration will be given to the skills and experience mix of existing trustees in order to ensure that the board of trustees has the necessary skills to contribute fully to the Academy Trust's development.

# UNITY SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

### *FOR THE YEAR ENDED 31 AUGUST 2018*

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#### Policies and procedures adopted for the induction and training of directors

All local governors and trustees are sent a welcome pack and letter. Training is provided from a range of specialist providers including the National Governance Association, Babcock 4S and IST.

All new governors and trustees are also required to complete a DBS check on appointment, and have to complete a Register of Business Interests form, which is retained on file. This is renewed annually in September and the information is available on the Trust's website.

Directors are sent the relevant Charity Commission guidance documents - The essential trustee: what you need to know, what you need to do (CC3), Charity trustee: what's involved (CC3a), Conflicts of interest: a guide for charity trustees (CC29), Charities and meetings (CC48) and asked to confirm they have read and understand the guidance within the first 3 months of appointment.

#### Governance

The Academy Trust is governed by the Board of Directors which delegates functions as appropriate to Local Governing Bodies who are appointed by the Trustees as a committee. Trustees are directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation. When the Academy Trust was formed it was decided that the Director trustees were authorised to sign the main deeds, documents, reports and accounts on behalf of all trustees. The trustees and governors exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the schools.

The directors were initially appointed as described in the constitution (see above) and the trustee board may appoint up to three co-opted trustees, and the Secretary of State for the Department for Education may appoint trustees in exceptional circumstances. Trustees may be removed by the persons or persons who appointed them.

The directors held five full board meetings during this period. The Strategy & Resources committee and the Audit & Risk committee met three times. All directors are provided with copies of procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as directors. Directors attend training courses as appropriate.

# UNITY SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Organisational structure

The management structure consists of three levels: the directors, the executive leadership team and the various academy teams. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The directors are responsible for setting general policy, adopting an annual plan and budget and monitoring the Academy Trust by the use of reports on budget allocation and expenditure, teaching observations and outcomes, behaviour and attendance, internal and external assessment and examinations, pastoral performance and the use of infrastructure and assets. The Board of Directors meets three times each academic year and the Local Governing Bodies meet four times each academic year to review major decisions about the strategic direction of the academies. All decisions reserved to the Board of Directors are taken as a whole; Committees of the trust board meet three times each academic year and Governor Committees also meet three times each academic year to consider detailed matters and recommend decisions to the Local Governing Body. The Chief Executive Officer, Chief Financial Officer and members of the leadership teams of each school attend meetings as appropriate to present reports in their areas of responsibility, for example, curriculum development, special educational needs, behaviour and attendance and lesson observations.

The Academy Trust has two committees:

Strategy & Resources Committee  
Audit & Risk Committee

The Chief Executive Officer of the Trust is the Accounting Officer and works closely with Chief Financial Officer, and with the directors and Heads of School of the Academy schools.

The Chairs of Governors and the heads of school meet at least once each term to monitor decision implementation and to review matters affecting staff and students and other issues affecting the academies. Governors' committees are established to hear and adjudicate complaints from parents (and others). A panel of trustees is established to review appeals related to disciplinary decisions (relating to staff and students).

Three directors undertake the annual performance review of the Chief Executive Officer. The Chief Executive Officer and two governors from respective Local Governing Bodies review and monitor the performance and achievement against targets set following each performance review of individual Heads of School.

Individual governors are allocated to faculties or individual subject areas within the schools, attend faculty staff meetings and sit in classes and report thereon. Individual governors also assume responsibility for particular areas of school life and report thereon, for example child protection, looked after children and special educational needs.

Minutes of the Local Governing Body and other relevant documents (as required by the Funding Agreement between The Magna Carta School, Bishop David Brown School and the Department for Education) are submitted to the Education & Skills Funding Agency (ESFA) and are accessible on request from the Trust office and individual schools.

Throughout the management of the Academy Trust, and in the conduct of the members, directors and Local Governing Bodies, the emphasis is on openness, accessibility and accountability. Members, directors and governors are encouraged to, and do, participate fully in the work of Academy Trust committees.

The detailed administrative work of the members, directors and governors is undertaken by The Clerk to the Trust.

### Arrangements for setting pay and remuneration of key management personnel

The Chief Executive Officer, Chief Financial Officer, Heads of School, Deputy and Assistant Heads of School must demonstrate sustained high quality performance, with particular regard to leadership, management and student progress at the schools within the Trust and will be subject to an annual review at which performance against objectives will be reviewed before any performance points will be awarded. Annual pay progression within the range for this post is not automatic.

# UNITY SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### Trade union facility time

#### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	2.00

#### *Percentage of time spent on facility time*

Percentage of time	Number of employees
0%	-
1%-50%	2
51%-99%	-
100%	-

#### *Percentage of pay bill spent on facility time*

Total cost of facility time	1,113
Total pay bill	5,316,864
Percentage of the total pay bill spent on facility time	0.02%

#### *Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours	0.99%
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### Related parties and other connected charities and organisations

The Academy Trust has no connected parties.

There are no related parties.

### **Objectives and activities**

#### Objects and aims

The principal objective and activity of the charitable company is the operation of The Magna Carta School and Bishop David Brown School, to provide education for pupils of different abilities between the ages of 11 and 16.

In accordance with the funding agreement made under section 482 of the Education Act 1996, as substituted by the Education Act 2002, between the Secretary of State for Education and the academy trust, the academy trust is governed by a board of trustees which exercises its powers and functions with a view to fulfilling a largely strategic role in the running of the academy trust. The funding agreement specifies the admission arrangements, amongst other things, and that the curriculum, in substance, complies with statutory requirements.

The main objectives of the Academy Trust during the period ended 31 August 2018 are summarised below:

- To ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of education progress and attainment of all students;
- To improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with the local community, local business and the local confederation of schools;
- To conduct the Trust's business in accordance with the highest standards of integrity, probity and openness

# UNITY SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Objectives, strategies and activities

The academy trust's main strategy is to raise standards of educational progress and attainment through an unrelenting focus on continuous improvement in all aspects of the organisation. The core purpose of the academy trust is teaching and learning; its people and resources are constantly measured by their contribution to the overall quality of teaching and learning and therefore the standards achieved by its students. The mission statement "Excellence through Collaboration" is carried out through:

- Establishing a learning environment designed to inspire students in their quest for knowledge and life skills through a range of learning strategies and activities;
- Encouraging the habit of mutual respect for fellow students, teachers and other people involved in the life of the academy;
- Attracting and retaining the highest quality staff and providing them with ongoing professional development and the opportunities to progress their careers and;
- Establishing an organisational structure and ethos to maintain and improve on the high standards achieved.

Key activities which support the main strategic purpose of the organisation are:

- Robust quality assurance processes which are transparent and inform all subsequent actions;
- Secure use of data and tracking to measure progress and inform actions and intervention;
- A constant review of CPD and training opportunities for all staff;
- A core structure which allows all staff and students to understand their role within the organisation and also to ensure that lines of accountability are clear; and
- Structures to support the organisation and integration of all internal and external resources and support available for both students and staff.

### Additional educational needs

The Unity Schools Trust is committed to providing an inclusive curriculum and appropriate high quality education to all of our students, whatever their needs and abilities. In addition, the academy is required to ensure that both the Special Educational Needs and Disability Act, relevant Codes of Practice and Guidance 2001, The Statutory Framework for Inclusion and the Disability Rights Code of Practice for Schools 2002 are implemented effectively across the academy.

Students have special educational needs if they have a learning difficulty which calls for additional educational provision to be made to them. The Trust has a policy for identification of, and provision for, students with special educational needs.

# UNITY SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Public benefit

In setting our objectives and planning our activities the Directors have given careful consideration to the Charity Commission's general guidance on public benefit. Students are admitted in accordance with the admissions policy agreed with the Department for Education (DfE). Children are admitted from a wide range of backgrounds. The Trust academies provide a rich curriculum which aims to deliver good academic progress with a range of activities and experiences, offering students a chance to demonstrate their abilities and potential.

### Statement on the system of internal finance controls

The directors have overall responsibility for ensuring that the Academy Trust has an effective and appropriate system of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy Trust and enable them to ensure the financial statements comply with the Companies Act. The directors also acknowledge responsibility for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurances that:

- The Academy Trust is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- The proper records are maintained and financial information used within the Academy Trust or for publication is reliable;
- The Academy Trust complies with relevant laws and regulations.

## **Strategic report**

### **Achievements and performance**

The Academy Trust can report improved progress across all schools. Details regarding individual schools, including examination results, admissions and staffing are available on the respective websites

[www.magnacarta.surrey.sch.uk](http://www.magnacarta.surrey.sch.uk)

[www.bdb.surrey.sch.uk](http://www.bdb.surrey.sch.uk)

We are delighted that the positive progress at Bishop David Brown School has been maintained during a period of significant changes to the examination system and that the performance of The Magna Carta School places it in the top 20% nationally and top 20% for Surrey for the progress students make.

To ensure that standards are continually raised, the Academy Trust, Local Governing Bodies and leadership teams:

- Operate a robust quality assurance calendar, both between and within each of the schools, which monitors the quality of teaching and learning; and
- Undertake a rigorous review of attainment using tracking data to ensure students make good progress, paying particular regard to their achievement on entry.

### Staffing

The academies are fully staffed with specialist teachers in all areas and there continues to be a relatively low staff turnover, compared to Surrey and National Averages. The new financial and academic year will see a number of graduate teachers and newly qualified teachers across a range of subject areas. We are delighted to be working in partnership with a number of teaching and training schools which provide the highest quality of trainee teachers to both schools.

# UNITY SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### Key performance indicators

We will further raise student attainment and achievement, through the forensic use of data, so that every child makes progress and reaches their potential within a first class learning environment and broad and balanced curriculum provision.

All students have an aspirational target grade for every subject and the Trust continues to improve the quality of learning through a rigorous programme of assessment and feedback, during which every student receives high quality feedback from their teachers, allowing them to make further progress

Outstanding professional development opportunities are in place across the Trust which are tailored to the needs of groups of staff and lesson observations and lesson visits provide the necessary evidence to illustrate the impact of this high quality training. Attitudes to learning are consistently good and in many cases, outstanding.

#### Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Directors continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

#### **Financial review**

Most of the Academy Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2018, the excess of expenditure over income over for the year was £782k (2017: £1,055k).

At 31 August 2018 the net book value of fixed assets was £32,776k (2017: £33,579k) as shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

The Trust's support staff is entitled to membership of the Local Government Pension Scheme. The academy's share of the scheme's assets is currently assessed to be less than its liabilities in the scheme, and consequently the academy balance sheet shows a net liability of £3,305k (2017: £3,590k).

#### Reserves policy

The Academy Trust's "free reserves" are its funds after excluding restricted funds. "Free reserves" are therefore the resources the academy has or can make available to spend for any or all of the academy's purposes once it has met its commitments and covered its other planned expenditure. More "free reserves" represent income to the academy which is to be spent at the directors' discretion in furtherance of any of the academy's objects but which is not yet spent, committed or designated.

# UNITY SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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The directors' review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The directors have determined that the appropriate level of unrestricted reserves should be equivalent to four weeks' expenditure, approximately £832k (2017: £845k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy Trust's current level of unrestricted reserves is £1,042k (2017: £826k) (total funds less the amount held in fixed assets and restricted funds) are in excess of the reserve level. However this does include school voluntary funds of £259k.

The Academy Trust held fund balances at 31 August 2018 of £31,003k (2017: £31,137k) comprising £29,961k (2017: £30,311k) of restricted funds and £1,042k (2017: £826k) of unrestricted general funds. Of the restricted funds £33,136k (2017: £33,859k) is represented by tangible fixed assets.

The pension reserve which is considered part of restricted funds was £3,305k (2017: £3,590k) in deficit.

#### Investment policy

The Academy Trust has a trust-wide Investment Policy and aims to invest between £100k - £300k with reputable investors when funds permit.

#### Principal risks and uncertainties

##### Risk management

The local governing board governors have assessed the major risks to which the academy trust and individual schools are exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The directors and governors have implemented a number of systems to assess risks that the trust academies face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The directors and governors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail on page 16. The directors continue to develop a central risk management system which, together with a trust risk manual, is used to assess, mitigate and manage risks across the Trust.

As an Academy Trust funded directly by the Department for Education funding streams are considered to be reasonably safe and secure. The risk mainly arises from changes in government policy and funding levels. However, the key risk is falling numbers on roll. The directors have a risk management strategy which is managed and reviewed on a regular basis.

The Magna Carta School is oversubscribed at entry and main academy numbers are sustained year on year representing a low risk. Bishop David Brown School is undergoing a programme of expansion in response to growing popularity and improved exam results.

#### **Fundraising**

The Academy Trust does not employ any professional fundraisers to fund raise on its behalf but all staff members and any volunteers involved in fundraising activities are trained in accordance with recognised standards so as to ensure that the public, including vulnerable people, are protected from unreasonable or intrusive approaches. The Academy Trust has not received any complaints about its fund raising activities.

# UNITY SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Plans for future periods**

The Academy Trust will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure all students are secure in their next steps on leaving the Trust schools with regard to continuing in training and/or formal education. The Academy Trust schools continuously strive to be at the forefront of innovation in education and are perpetually revising their curriculum offer to suit the needs of students.

As the Academy Trust continues to go from strength to strength, we are better able to exploit partnerships with our local primary schools to work on innovative models of delivery and share our expertise and facilities.

The Trust has agreed an expansion plan with the Regional Schools Commissioner which enables the addition of up to five schools.

### **Funds held as custodian trustee on behalf of others**

The Magna Carta School holds funds as agent on behalf of parents in relation to catering and free school meals as custodian of the Catering Fund. This fund is run for a non-profit basis with material surpluses being refunded to parents.

### **Auditor**

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that Wilkins Kennedy Audit Services be reappointed as auditor of the charitable company will be put to the members.

The governors' report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 12 December 2018 and signed on its behalf by:



C Howorth

**Chair from 1 November 2018**

# UNITY SCHOOLS TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Scope of responsibility

As directors we acknowledge we have overall responsibility for ensuring that Unity Schools Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Unity Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 5 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Directors	Meetings attended	Out of possible
C Howorth (Chair from 1 November 2018)	5	5
T N D Smith (Accounting Officer)	5	5
J Febry	4	5
P Green	3	5
R Kent	4	5
J McMichael (Appointed 18 April 2018)	1	2
S Pillai	4	5
J Slater (Appointed 1 May 2018 and resigned 18 August 2018)	0	1
D Wales	4	5
P J White (Chair (until 31 October 2018)) (Resigned 31 October 2018)	5	5

The Trust has had minimal changes to the board of trustees in the last year. It has continued to focus on the expansion of the Trust and the performance and improvement of schools within the Trust.

The Trust has not undertaken a review of governance in this year but the expectation is that it will undertake a self-evaluation of governance during the next year.

The Strategy and Resources committee is a sub-committee of the main Board of Directors. Its purpose is to gain an understanding of the key issues that support and underpin the Trust's strategies, including the 3-5 year vision, the Annual integrated Business Plan, Trust expansion plans, Efficiency and cost saving strategies and Recruitment and retention strategies.

The committee members comment on new, and refreshed, versions of the Trust's strategy and plans as these develop and assist in regularly feeding back information about the Trust, its vision and performance to the Trustees, Governing Bodies and Members.

The committee members also have involvement, as appropriate, in interpreting and responding to findings of national and local research and surveys.

# UNITY SCHOOLS TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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Attendance at meetings in the year was as follows:

<b>Directors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
C Howorth (Chair from 1 November 2018)	2	3
T N D Smith (Accounting Officer)	3	3
P Green	3	3
D Wales	2	3
P J White (Chair (until 31 October 2018)) (Resigned 31 October 2018)	3	3

The Audit and Risk committee is a sub-committee of the main Board of Directors. Its purpose is to:

Monitor and evaluate the results of the regular internal and external audits and ensure that the system of internal controls is operating effectively. The committee also monitors the risk management system and, following the implementation of a trust-wide risk management system, will monitor the effectiveness of this system and the ownership and mitigation of risks at academy and trust level.

Attendance at meetings in the year was as follows:

<b>Directors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
T N D Smith (Accounting Officer)	3	3
J Febry	3	3
R Kent	3	3
S Pillai	3	3

#### **Review of value for money**

As accounting officer the CEO has responsibility for ensuring that the trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

# UNITY SCHOOLS TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the trust has delivered improved value for money during the year by:

Financial governance and oversight: The directors have strong oversight of the financial management of the budget. The Strategy & Resources Committee meet termly to review the financial position, to receive reports, challenge decisions and validate that the Trust obtains value for money. This year the Trust reviewed its cleaning provision throughout the Trust and has reviewed delivery of network services to provide greater capacity. We have a robust internal audit programme. The levels of delegation on spending proposals ensure we take the necessary steps to achieve best value.

The Trust approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Trust remains a 'going concern'. The Trust Audit & Risk Committee also receives and recommends the annual accounts and external auditors' management report to the Full Trust board.

The Trust is a member of a group purchasing consortium which assists schools to achieve best value. Our Finance Department and budget holders are continuously looking for the most competitive deals using various procurement tools such as internet shopping, advice from other schools and economies of scale. This year we have reviewed our energy providers, staff insurance cover and reprographics purchasing leading to new contracts which has enabled the Trust to reduce its costs.

The Trust regularly benchmarks financial performance against other academy trusts to demonstrate that the Trust provides good value for money.

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Unity Schools Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The governors have reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

#### **The risk and control framework**

The trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the Strategy and Resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks

# UNITY SCHOOLS TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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The directors have considered the need for a specific internal audit function and have appointed Wilkins Kennedy. The internal auditor reports to the governing body of each school, as well as the Trust Audit and Risk committee on the operation of the systems of control and on the discharge of the Trust's financial responsibilities.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems. On a regular basis, the internal auditor reports to the Audit & Risk committee who in turn report to the Board of Directors on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Directors.

Wilkins Kennedy report to the Board of Directors through the Audit and Risk committee on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Directors.

The internal auditor has delivered their schedule of work as planned and no material control issues have arisen as a result of this work.

### **Review of effectiveness**

The accounting officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

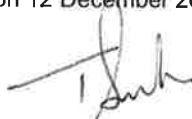
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Directors on 12 December 2018 and signed on its behalf by:



C Howorth  
Chair from 1 November 2018



T N D Smith  
Accounting Officer

# UNITY SCHOOLS TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

***FOR THE YEAR ENDED 31 AUGUST 2018***

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As accounting officer of Unity Schools Trust I have considered my responsibility to notify the trust Board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the trust's Board of Directors are able to identify any material irregular or improper use of funds by the trust, or material non-compliance with the terms and conditions of funding under the trust's funding agreement and the Academies Financial Handbook 2017.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Directors and ESFA.

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T N D Smith  
**Accounting Officer**

12 December 2018

# UNITY SCHOOLS TRUST

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2018**

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The directors and governors (who also act as trustees for Unity Schools Trust and formerly The Magna Carta School) are responsible for preparing the Directors' Report, including the Strategic Report, and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Directors on 12 December 2018 and signed on its behalf by:



C Howorth  
Chair from 1 November 2018

# UNITY SCHOOLS TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITY SCHOOLS TRUST FOR THE YEAR ENDED 31 AUGUST 2018

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### Opinion

We have audited the financial statements of Unity Schools Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academics Accounts Direction 2017 to 2018.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# UNITY SCHOOLS TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITY SCHOOLS TRUST (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the trust and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# UNITY SCHOOLS TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITY SCHOOLS TRUST (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Wilkins Kennedy Audit Services*

**Kevin Walmsley (Senior Statutory Auditor)**  
for and on behalf of Wilkins Kennedy Audit Services

*14-12-2018*

**Statutory Auditor**

Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

# UNITY SCHOOLS TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UNITY SCHOOLS TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

**FOR THE YEAR ENDED 31 AUGUST 2018**

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In accordance with the terms of our engagement letter dated 19 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Unity Schools Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Unity Schools Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Unity Schools Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Unity Schools Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Unity Schools Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Unity Schools Trust's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

# UNITY SCHOOLS TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UNITY SCHOOLS TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Wilkins Kennedy Audit Services*

### Reporting Accountant

Wilkins Kennedy Audit Services  
Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

Dated: *14.12.2018*

# UNITY SCHOOLS TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £000's	Restricted funds: General £000's	Fixed asset £000's	Total 2018 £000's	Total 2017 £000's
<b>Income and endowments from:</b>						
Donations and capital grants	3	13	-	1,112	1,125	374
Charitable activities:						
- Funding for educational operations	4	86	10,312	-	10,398	10,436
Other trading activities	5	686	48	-	734	799
Investments	6	3	-	-	3	4
<b>Total</b>		<u>788</u>	<u>10,360</u>	<u>1,112</u>	<u>12,260</u>	<u>11,613</u>
<b>Expenditure on:</b>						
Raising funds	7	249	-	-	249	390
Charitable activities:						
- Educational operations	9	210	11,717	866	12,793	12,278
<b>Total</b>	7	<u>459</u>	<u>11,717</u>	<u>866</u>	<u>13,042</u>	<u>12,668</u>
<b>Net income/(expenditure)</b>		329	(1,357)	246	(782)	(1,055)
Transfers between funds	18	(113)	1,082	(969)	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains on defined benefit pension schemes	20	-	648	-	648	739
<b>Net movement in funds</b>		216	373	(723)	(134)	(316)
<b>Reconciliation of funds</b>						
Total funds brought forward		826	(3,548)	33,859	31,137	31,453
Total funds carried forward		<u>1,042</u>	<u>(3,175)</u>	<u>33,136</u>	<u>31,003</u>	<u>31,137</u>

# UNITY SCHOOLS TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted Funds £000's	Restricted funds: General £000's	Fixed asset £000's	Total 2017 £000's
<b>Income and endowments from:</b>					
Donations and capital grants	3	10	34	330	374
Charitable activities:					
- Funding for educational operations	4	96	10,340	-	10,436
Other trading activities	5	722	77	-	799
Investments	6	4	-	-	4
<b>Total</b>		<u>832</u>	<u>10,451</u>	<u>330</u>	<u>11,613</u>
<b>Expenditure on:</b>					
Raising funds	7	390	-	-	390
Charitable activities:					
- Educational operations	9	287	11,123	868	12,278
<b>Total</b>	7	<u>677</u>	<u>11,123</u>	<u>868</u>	<u>12,668</u>
<b>Net income/(expenditure)</b>		155	(672)	(538)	(1,055)
Transfers between funds	18	(383)	385	(2)	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	20	-	739	-	739
<b>Net movement in funds</b>		(228)	452	(540)	(316)
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>1,054</u>	<u>(4,000)</u>	<u>34,399</u>	<u>31,453</u>
Total funds carried forward		<u>826</u>	<u>(3,548)</u>	<u>33,859</u>	<u>31,137</u>

# UNITY SCHOOLS TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£000's	£000's	£000's	£000's
<b>Fixed assets</b>					
Tangible assets	13		32,776		33,579
<b>Current assets</b>					
Debtors	14	737		312	
Investments	15	-		100	
Cash at bank and in hand		1,808		1,367	
		<u>2,545</u>		<u>1,779</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(1,013)		(631)	
<b>Net current assets</b>			<u>1,532</u>		<u>1,148</u>
<b>Net assets excluding pension liability</b>			<u>34,308</u>		<u>34,727</u>
Defined benefit pension scheme liability	20		(3,305)		(3,590)
<b>Net assets</b>			<u>31,003</u>		<u>31,137</u>
<b>Funds of the trust:</b>					
<b>Restricted funds</b>	18				
- Fixed asset funds			33,136		33,859
- Restricted income funds			130		42
- Pension reserve			(3,305)		(3,590)
<b>Total restricted funds</b>			<u>29,961</u>		<u>30,311</u>
<b>Unrestricted income funds</b>	18		<u>1,042</u>		<u>826</u>
<b>Total funds</b>			<u>31,003</u>		<u>31,137</u>

The financial statements on pages 23 to 47 were approved by the directors and authorised for issue on 12 December 2018 and are signed on their behalf by:



C Howorth  
Chair from 1 November 2018

Company Number 07692130

# UNITY SCHOOLS TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £000's	2017 £000's
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	22	(711)	(370)
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		3	4
Capital grants from DfE Group		1,112	330
Purchase of tangible fixed assets		(63)	(48)
Investment released		100	-
<b>Net cash provided by investing activities</b>		1,152	286
<b>Cash flows from financing activities</b>			
Repayment of other loan		-	(5)
<b>Net cash used in financing activities</b>		-	(5)
<b>Net increase/(decrease) in cash and cash equivalents in the reporting period</b>		441	(89)
Cash and cash equivalents at beginning of the year		1,367	1,456
<b>Cash and cash equivalents at end of the year</b>		1,808	1,367

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies

Unity Schools Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the directors' report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

##### 1.1 Basis of preparation

The financial statements of the trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Unity Schools Trust meets the definition of a public benefit entity under FRS 102.

##### 1.2 Going concern

The directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Income

All incoming resources are recognised when the trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

###### Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

###### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 1 Accounting policies

(Continued)

#### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the trust has provided the goods or services.

#### Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the trust's accounting policies.

#### Transfer of lease

On conversion to Academy status the Local Authority gifted the school buildings to the Academy Trust with a 125 year long term lease. The properties were professionally valued as at 1 August 2011, the date of transfer. The valuation is underpinned by SORP 2005 and has adopted the Depreciated Replacement Cost (DRC) for specialist property and the land uses the market value. As the buildings are of a specialist nature then a Depreciated Replacement Cost method has been used to calculate the fair value of the buildings.

#### Investment Income

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

This includes all expenditure incurred by the trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

#### Charitable activities

These are costs incurred on the trust's educational operations, including support costs and costs relating to the governance of the trust apportioned to charitable activities.

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets and depreciation

Individual assets costing £2,000 or more or a group of assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	Buildings 6 - 50 years; land not depreciated
Computer equipment	3 years
Fixtures, fittings & equipment	5 years

No depreciation is provided in respect of leasehold land until it has a useful remaining life of 50 years.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

#### 1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

#### 1.7 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.8 Investments

Current asset investments are stated at market value.

#### 1.9 Financial instruments

The trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the trust and their measurement basis are as follows.

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

(Continued)

#### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.10 Taxation

The trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### 1.11 Pensions benefits

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate..

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

#### 1.12 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the trust at the discretion of the directors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency/Department for Education.

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Critical accounting estimates and assumptions

The trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

##### *LGPS*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### Critical areas of judgement

There are no critical areas of judgement.

#### 3 Donations and capital grants

	Unrestricted funds £000's	Restricted funds £000's	Total 2018 £000's	Total 2017 £000's
Private sponsorship	-	-	-	4
Capital grants	-	1,112	1,112	330
Other donations	13	-	13	40
	<u>13</u>	<u>1,112</u>	<u>1,125</u>	<u>374</u>

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 4 Funding for the trust's educational operations

	Unrestricted funds £000's	Restricted funds £000's	Total 2018 £000's	Total 2017 £000's
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	9,731	9,731	9,757
Other DfE group grants	-	377	377	406
	<u>-</u>	<u>10,108</u>	<u>10,108</u>	<u>10,163</u>
<b>Other government grants</b>				
Local authority grants	-	204	204	177
	<u>-</u>	<u>204</u>	<u>204</u>	<u>177</u>
<b>Other funding</b>				
Other incoming resources	86	-	86	96
	<u>86</u>	<u>-</u>	<u>86</u>	<u>96</u>
<b>Total funding</b>	<u>86</u>	<u>10,312</u>	<u>10,398</u>	<u>10,436</u>

### 5 Other trading activities

	Unrestricted funds £000's	Restricted funds £000's	Total 2018 £000's	Total 2017 £000's
Hire of facilities	114	-	114	100
Catering income	245	-	245	247
Supply teacher insurance	-	48	48	77
School trips and activities	327	-	327	375
	<u>686</u>	<u>48</u>	<u>734</u>	<u>799</u>

### 6 Investment income

	Unrestricted funds £000's	Restricted funds £000's	Total 2018 £000's	Total 2017 £000's
Short term deposits	3	-	3	4
	<u>3</u>	<u>-</u>	<u>3</u>	<u>4</u>

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 7 Expenditure

	Staff costs £000's	Non Pay Expenditure Premises £000's	Other £000's	Total 2018 £000's	Total 2017 £000's
Expenditure on raising funds					
- Direct costs - school trips and activities	-	-	249	249	390
Academy's educational operations					
- Direct costs	7,090	821	301	8,212	8,456
- Allocated support costs	1,454	2,054	1,073	4,581	3,822
	<u>8,544</u>	<u>2,875</u>	<u>1,623</u>	<u>13,042</u>	<u>12,668</u>
<b>Net income/(expenditure) for the year includes:</b>				<b>2018</b>	<b>2017</b>
				<b>£000's</b>	<b>£000's</b>
Fees payable to auditor for:					
- Audit				26	14
- Other services				4	9
Operating lease rentals				88	91
Depreciation of tangible fixed assets				866	868
Net interest on defined benefit pension liability				93	86
				<u>977</u>	<u>968</u>

### 8 Central services

The trust has provided the following central services to its academies during the year:

- executive leadership
- human resources
- financial services
- audit and accountancy services; and
- legal services.

The trust charges for these services is currently based on a percentage of GAG income. 2017/18 represented the first year of top slicing for the Trust.

The amounts charged during the year were as follows:

	2018 £000's	2017 £000's
The Magna Carta School	256	20
Bishop David Brown	165	20
Unity Schools Trust	-	-
	<u>421</u>	<u>40</u>

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Charitable activities	Unrestricted funds £000's	Restricted funds £000's	Total 2018 £000's	Total 2017 £000's
<b>Direct costs</b>				
Educational operations	-	8,212	8,212	8,456
<b>Support costs</b>				
Educational operations	210	4,371	4,581	3,822
	<u>210</u>	<u>12,583</u>	<u>12,793</u>	<u>12,278</u>
			<b>2018</b>	<b>2017</b>
			<b>£000's</b>	<b>£000's</b>
<b>Analysis of support costs</b>				
Support staff costs			1,454	1,630
Depreciation			45	47
Technology costs			230	307
Premises costs			2,009	868
Other support costs			670	811
Governance costs			173	159
			<u>4,581</u>	<u>3,822</u>
<b>10 Staff</b>				
<b>Staff costs</b>				
Staff costs during the year were:			<b>2018</b>	<b>2017</b>
			<b>£000's</b>	<b>£000's</b>
Wages and salaries			6,294	6,554
Social security costs			632	663
Pension costs			1,334	1,406
			<u>8,260</u>	<u>8,623</u>
Staff costs			8,260	8,623
Agency staff costs			224	196
Staff restructuring costs			20	72
Staff development and other staff costs			40	36
			<u>8,544</u>	<u>8,927</u>
Total staff expenditure			<u>8,544</u>	<u>8,927</u>
Staff restructuring costs comprise:				
Redundancy payments			9	16
Severance payments			11	56
			<u>20</u>	<u>72</u>

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 10 Staff

(Continued)

##### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £11k (2017: £56k). Individually, the payments were: £11k made in September 2017.

##### Staff numbers

The average number of persons, by headcount, employed by the trust during the year was as follows:

	2018 Number	2017 Number
Teachers	112	119
Administration and support	127	135
Management	13	13
	<u>252</u>	<u>267</u>

##### Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2018 Number	2017 Number
£60,001 - £70,000	3	4
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
£100,001 - £110,000	-	1
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
	<u>1</u>	<u>1</u>

##### Key management personnel

The key management personnel of the trust comprise the directors and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employers national insurance contributions) received by key management personnel for their services to the trust was £454k (2017: £572k).

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 11 Directors' remuneration and expenses

The CEO and other staff directors only receive remuneration in respect of services they provide undertaking the roles of CEO and staff members under their contracts of employment, and not in respect of their services as directors. Other directors did not receive any payments, other than expenses, from the academy trust in respect of their role as directors. These are for the year and include employer pension costs. During the year, travel and subsistence expenses amounting to £26 (2017: £Nil) were reimbursed to 1 directors (2017: None).

The value of directors' remuneration was as follows:

T Smith (CEO):

- Remuneration £140,000-£145,000 (2017: £130,000-£135,000)
- Employer's pension contributions £20,000 - £25,000 (2017: £20,000-£25,000)

Other related party transactions involving the directors are set out within the related parties note.

### 12 Directors and officers insurance

The trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business, and provides cover up to £10,000,000. It is not possible to quantify the directors and officers indemnity element from the overall cost of the RPA scheme.

### 13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£000's	£000's	£000's	£000's
<b>Cost</b>				
At 1 September 2017	36,703	137	154	36,994
Additions	-	63	-	63
At 31 August 2018	36,703	200	154	37,057
<b>Depreciation</b>				
At 1 September 2017	3,179	105	131	3,415
Charge for the year	821	32	13	866
At 31 August 2018	4,000	137	144	4,281
<b>Net book value</b>				
At 31 August 2018	32,703	63	10	32,776
At 31 August 2017	33,524	32	23	33,579

Included in land and buildings is land valued at £13,347k (2017: £13,347k) held on a long term lease which is not depreciated until it has a remaining lease life of 50 years.

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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14 Debtors	2018 £000's	2017 £000's
Trade debtors	2	4
VAT recoverable	412	72
Prepayments and accrued income	323	236
	<u>737</u>	<u>312</u>

### 15 Current asset investments

Current asset investments represents cash held on deposit between 3 and 12 months in duration from placement.

16 Creditors: amounts falling due within one year	2018 £000's	2017 £000's
Trade creditors	285	211
Other taxation and social security	165	164
Other creditors	136	141
Accruals and deferred income	427	115
	<u>1,013</u>	<u>631</u>

17 Deferred income	2018 £000's	2017 £000's
Deferred income is included within:		
Creditors due within one year	<u>24</u>	<u>-</u>
Deferred income at 1 September 2017	-	-
Resources deferred in the year	<u>24</u>	<u>-</u>
<b>Deferred income at 31 August 2018</b>	<u>24</u>	<u>-</u>

Deferred income relates to monies received in advance for school trips.

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Funds

	Balance at 1 September 2017 £000's	Income £000's	Expenditure £000's	Gains, losses and transfers £000's	Balance at 31 August 2018 £000's
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	9,731	(10,694)	1,082	119
Other DfE / ESFA grants	-	377	(377)	-	-
Other government grants	28	204	(225)	-	7
Other restricted funds	14	48	(58)	-	4
Pension reserve	(3,590)	-	(363)	648	(3,305)
	<u>(3,548)</u>	<u>10,360</u>	<u>(11,717)</u>	<u>1,730</u>	<u>(3,175)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	280	1,112	-	(1,032)	360
Fixed asset fund	33,579	-	(866)	63	32,776
	<u>33,859</u>	<u>1,112</u>	<u>(866)</u>	<u>(969)</u>	<u>33,136</u>
<b>Total restricted funds</b>	<u>30,311</u>	<u>11,472</u>	<u>(12,583)</u>	<u>761</u>	<u>29,961</u>
<b>Unrestricted funds</b>					
General funds	826	788	(459)	(113)	1,042
<b>Total funds</b>	<u>31,137</u>	<u>12,260</u>	<u>(13,042)</u>	<u>648</u>	<u>31,003</u>

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 18 Funds

(Continued)

The specific purposes for which the funds are to be applied are as follows:

#### General Annual Grant

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Agency by the Department for Education. Under the funding agreement with the Secretary of State, the trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

#### SEN funding

The SEN fund represents funding from the LA for students at the school who either have statemented needs or are on the School Action Plus level of the SEN register.

#### Other

The other restricted income has been created to recognise all sundry sources of restricted income from various sources that are individually immaterial in value. The relevant restricted expenditure is then received through this fund.

#### Pupil premium

The pupil premium has been set up to manage the restricted pupil premium income received for the purposes of supporting children who have been eligible for free school meals.

#### Capital Improvement Grants

This represents grants received from ESFA for the improvements to the roof and windows.

#### Transfers between funds

This represents the purchase of fixed assets from GAG funding and the release of CIF monies for non capital projects.

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £000's	Income £000's	Expenditure £000's	Gains, losses and transfers £000's	Balance at 31 August 2017 £000's
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	9,757	(10,146)	389	-
Other DfE / ESFA grants	-	406	(406)	-	-
Other government grants	58	177	(207)	-	28
Other restricted funds	-	111	(93)	(4)	14
Pension reserve	(4,058)	-	(271)	739	(3,590)
	<u>(4,000)</u>	<u>10,451</u>	<u>(11,123)</u>	<u>1,124</u>	<u>(3,548)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	34,399	-	-	-	34,399
DfE group capital grants	-	330	-	(50)	280
Fixed asset fund	-	-	(868)	48	(820)
	<u>34,399</u>	<u>330</u>	<u>(868)</u>	<u>(2)</u>	<u>33,859</u>
<b>Total restricted funds</b>	<u>30,399</u>	<u>10,781</u>	<u>(11,991)</u>	<u>1,122</u>	<u>30,311</u>
<b>Unrestricted funds</b>					
General funds	<u>1,054</u>	<u>832</u>	<u>(677)</u>	<u>(383)</u>	<u>826</u>
<b>Total funds</b>	<u>31,453</u>	<u>11,613</u>	<u>(12,668)</u>	<u>739</u>	<u>31,137</u>

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £000's	Income £000's	Expenditure £000's	Gains, losses and transfers £000's	Balance at 31 August 2018 £000's
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	19,488	(20,840)	1,471	119
Other DfE / ESFA grants	-	783	(783)	-	-
Other government grants	58	381	(432)	-	7
Other restricted funds	-	159	(151)	(4)	4
Pension reserve	(4,058)	-	(634)	1,387	(3,305)
	<u>(4,000)</u>	<u>20,811</u>	<u>(22,840)</u>	<u>2,854</u>	<u>(3,175)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	34,399	-	-	-	34,399
DfE group capital grants	-	1,442	-	(1,082)	360
Fixed asset fund	-	-	(1,734)	111	(1,623)
	<u>34,399</u>	<u>1,442</u>	<u>(1,734)</u>	<u>(971)</u>	<u>33,136</u>
<b>Total restricted funds</b>	<u>30,399</u>	<u>22,253</u>	<u>(24,574)</u>	<u>1,883</u>	<u>29,961</u>
<b>Unrestricted funds</b>					
General funds	1,054	1,620	(1,136)	(496)	1,042
	<u>1,054</u>	<u>1,620</u>	<u>(1,136)</u>	<u>(496)</u>	<u>1,042</u>
<b>Total funds</b>	<u>31,453</u>	<u>23,873</u>	<u>(25,710)</u>	<u>1,387</u>	<u>31,003</u>

#### Total funds analysis by academy

	2018 £000's	2017 £000's
Fund balances at 31 August 2018 were allocated as follows:		
The Magna Carta School	515	559
Bishop David Brown	567	309
Unity Schools Trust	90	-
	<u>1,172</u>	<u>868</u>
Total before fixed assets fund and pension reserve	1,172	868
Restricted fixed asset fund	33,136	33,859
Pension reserve	(3,305)	(3,590)
	<u>31,003</u>	<u>31,137</u>
Total funds	31,003	31,137

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Funds

(Continued)

#### Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff £000's	Other support staff costs £000's	Educational supplies £000's	Other costs excluding depreciation £000's	Total £000's
The Magna Carta School	4,637	661	73	1,926	7,297
Bishop David Brown	2,430	390	76	1,291	4,187
Unity Schools Trust	-	403	-	289	692
	<u>7,067</u>	<u>1,454</u>	<u>149</u>	<u>3,506</u>	<u>12,176</u>

### 19 Analysis of net assets between funds

	Unrestricted Funds £000's	Restricted funds: General £000's	Fixed asset £000's	Total Funds £000's
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	32,776	32,776
Current assets	2,055	130	360	2,545
Creditors falling due within one year	(1,013)	-	-	(1,013)
Defined benefit pension liability	-	(3,305)	-	(3,305)
<b>Total net assets</b>	<u>1,042</u>	<u>(3,175)</u>	<u>33,136</u>	<u>31,003</u>

	Unrestricted Funds £000's	Restricted funds: General £000's	Fixed asset £000's	Total Funds £000's
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	33,579	33,579
Current assets	1,457	42	280	1,779
Creditors falling due within one year	(631)	-	-	(631)
Defined benefit pension liability	-	(3,590)	-	(3,590)
<b>Total net assets</b>	<u>826</u>	<u>(3,548)</u>	<u>33,859</u>	<u>31,137</u>

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 20 Pension and similar obligations

The trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Surrey County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £135k (2017: £94k) were payable to the schemes at 31 August 2018 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

##### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £748k (2017: £758k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 20 Pension and similar obligations

(Continued)

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 24.2% for employers and 5.5 to 9.9% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2018 £000's	2017 £000's
Employer's contributions	316	411
Employees' contributions	92	100
Total contributions	<u>408</u>	<u>511</u>

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	2.7	2.7
Rate of increase for pensions in payment/inflation	2.4	2.4
Discount rate for scheme liabilities	<u>2.8</u>	<u>2.5</u>

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2018 Years	2017 Years
Retiring today		
- Males	22.5	22.5
- Females	24.6	24.6
Retiring in 20 years		
- Males	24.1	24.5
- Females	<u>26.4</u>	<u>26.9</u>

#### Defined benefit pension scheme net liability

Scheme assets	4,577	4,009
Scheme obligations	<u>(7,882)</u>	<u>(7,599)</u>
Net liability	<u>(3,305)</u>	<u>(3,590)</u>

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 20 Pension and similar obligations

(Continued)

The trust's share of the assets in the scheme	2018 Fair value £000's	2017 Fair value £000's
Equities	3,295	2,967
Bonds	778	601
Property	320	281
Other assets	184	160
Total market value of assets	<u>4,577</u>	<u>4,009</u>

The actual return on scheme assets was £224,000 (2017: £290,000).

Amount recognised in the Statement of Financial Activities	2018 £000's	2017 £000's
Current service cost	586	596
Interest income	(104)	(72)
Interest cost	197	158
Total operating charge	<u>679</u>	<u>682</u>

Changes in the present value of defined benefit obligations	2018 £000's	2017 £000's
At 1 September 2017	7,599	7,373
Current service cost	586	596
Interest cost	197	158
Employee contributions	92	100
Actuarial gain	(528)	(521)
Benefits paid	(64)	(107)
At 31 August 2018	<u>7,882</u>	<u>7,599</u>

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 20 Pension and similar obligations (Continued)

#### Changes in the fair value of the trust's share of scheme assets

	2018 £000's	2017 £000's
At 1 September 2017	4,009	3,315
Interest income	104	72
Actuarial gain	120	218
Employer contributions	316	411
Employee contributions	92	100
Benefits paid	(64)	(107)
At 31 August 2018	<u>4,577</u>	<u>4,009</u>

### 21 Funds held as custodian

The Magna Carta School holds funds as agent on behalf of parents in relation to catering and free school meals as custodian of the catering fund. This fund is run for a non-profit basis with material surpluses being refunded to parents.

As the balance sheet date, £3k (2017: £9k) of cash was held as custodian.

### 22 Reconciliation of net expenditure to net cash flow from operating activities

	2018 £000's	2017 £000's
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(782)	(1,055)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(1,112)	(330)
Investment income receivable	(3)	(4)
Defined benefit pension costs less contributions payable	270	185
Defined benefit pension net finance cost	93	86
Depreciation of tangible fixed assets	866	868
(Increase) in debtors	(425)	(60)
Increase/(decrease) in creditors	382	(60)
<b>Net cash used in operating activities</b>	<u>(711)</u>	<u>(370)</u>

# UNITY SCHOOLS TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 23 Commitments under operating leases

At 31 August 2018 the total of the trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £000's	2017 £000's
Amounts due within one year	24	92
Amounts due in two and five years	14	36
	<u>38</u>	<u>128</u>

### 24 Capital commitments

	2018 £000's	2017 £000's
Expenditure contracted for but not provided in the financial statements	935	281

The capital commitments relate to CIF projects for the Tower Block at The Magna Carta School and roofing at Bishop David Brown which is treated as revenue expenditure.

### 25 Related party transactions

No related party transactions took place in the period of account other than certain directors' remuneration and expenses already disclosed in note 11.

### 26 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they cease to be a member.